

Subcommittee on the South Dakota State Fair

The Subcommittee on the South Dakota State Fair met on three different occasions and was comprised of Senators Bill Napoli, Duane Sutton, and Gary Hanson, and Representatives Larry Tidemann, and Paul Dennert. The subcommittee asked for and received reams of paperwork on the State Fair. The subcommittee researched all the way back to the beginning of the fair in 1895. At the height of the State Fair over a quarter of a million people attended an eight day fair. The South Dakota State Fair has fallen on hard times over the last twenty years to the point where the Legislature has back filled an average of \$923,400 per year over the past five years. Attendance has fallen to 125,000-150,000 people per year over the past five years which is far below the average of other fairs within the area. A feasibility study was done on the state fairgrounds and the report shows weak market potential in six out of nine bullet points as part of the market demand analysis/potential use assessment portion of the study.

Every type of marketing has been tried at the State Fair over the last 25 years. A shorter fair, a longer fair, better entertainment, less entertainment, car races, no car races, rodeo, no rodeo. The recommendations for the 2006 fair are almost word for word the recommendations made in 1995. Secretary Gabriel has implemented an excellent form of bookkeeping that provided the subcommittee great insight into the future of the State Fair, which appears to be bleak. Subcommittee members agree with this assessment. All five members also agree to honor the 3rd year of a 3 year deal, but three are unwilling at this point in time to support the fair beyond the 3 year deal. Two members support continued funding for the State Fair. The Legislature has already back filled the budget shortfall for the 2005 fair in the amount of \$994,000. The projected budget for FY 2007 shows a deficit of a little over \$500,000 which includes a significant worker's compensation payment of \$131,284. The worker's compensation payment for FY 2006 was \$219,000. The attendance at the 2005 fair was approximately 158,000 in comparison to other fairs in the area which had well over 200,000 in attendance. In the coming years the state fair is facing \$7,000,000 to \$7,500,000 million in maintenance and repair. This is the same maintenance and repair figure that was identified in the 1995 State Fair Task Force Report.

The subcommittee lists the following options for consideration regarding future funding of the South Dakota State Fair:

1. Do nothing. Continue the status quo where the Legislature appropriates \$260,000 from the State General Fund for FY 2007 in the General Appropriations Act, allow the State Fair to spend money with an open check book, and appropriate money from the State General fund next session to "back fill" any shortfall for FY 2007. The average shortfall for FY's 2002-2006 is \$923,400.

2. Amend and pass SB 143 for an "up front" appropriation from the State General Fund which would include one of the following amounts:

- A. \$500,000
- B. \$750,000
- C. \$1,000,000

The Department of Agriculture must make an internal transfer from within the department's budget to cover any funding shortfall for the State Fair. As a result, there will be no "back fill" appropriation from the State General Fund for FY 2007.

3. Change the title of the South Dakota State Fair to the South Dakota Agriculture Youth Exposition and do the following: Make a \$500,000 appropriation from the State General Fund to the Department of Agriculture to fund the Cooperative Extension Service and FFA for 4-H and FFA activities per the definition of fair in § 1-21-9; Lease the fairgrounds to the city of Huron or Beadle County to hold a fair in conjunction with South Dakota Agriculture Youth Exposition; become effective July 1, 2007.

4. Amend the General Appropriations Act for FY 2007 to increase the State General Fund Appropriation from \$260,000 to \$800,000 for the State Fair. This "up front" appropriation would permit the Department of Agriculture to make an internal transfer to cover any funding shortfall for the State Fair.

5. The State Fair should continue and receive appropriate funding from the State General Fund each year. The amount of appropriation should be between \$500,000 and \$1,000,000 annually based on \$125 to \$250 for each youth involved in the fair, with the total number of youth attending being approximately 4,000.

6. Sunset the State Fair effective July 1, 2007.